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Statewide rent control proposal an unfair plan - by David Barrett

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David Barrett

If history repeats itself, recently introduced legislation for statewide rent control may again turn out to be what IREM Boston Chapter No. 4 considers to be an unsound economic policy.

When rent control was practiced in Boston, Cambridge, and Brookline from the 1970's until 1994, properties became run down and new construction came to a halt. In 1994, Massachusetts voters approved a referendum ending rent control state-wide, following which the Legislature passed the Massachusetts Rent Control Prohibition Act. The legislation essentially abolished rent control on residential properties throughout the state.

Now, nearly 30 years later, the specter of rent control is again on the horizon, this time around with the proposal from the city of Boston seeking stronger tenant protections and annual rent increases of 6% plus inflation, albeit with an exemption for buildings that were constructed less than 15 years ago.

The proposal not only asks voters to revise rent control, but to allow cities and towns to create their own policies. And while providing rental stability for low-income tenants may be a well-intentioned objective, the disadvantages of rent control are many, starting with the impact on inventory – a problem that this state is already experiencing. Proposed rent control legislation will exacerbate what can only be described as an existing housing crisis.

For those property owners currently in the planning stages or in the middle of building new construction, rent control could be a financial blow with no comeback. Construction costs are high enough, without the added concern of poor return on investment.

There are those rent control proponents who have suggested that landlords are interested in short term rentals, wanting tenants to stay for just a year or two so they can increase rent to new tenants. This is not a sound business model for landlords. Tenant turnover is costly due to the need to refresh and paint apartments, not to mention down time and loss of rent due to vacancy. Tenant retention is vital to the success of property owners. Landlords who have good relationships with current renters want to keep them as long as possible. And just as in any business, reputation is important.

Some rent control advocates suggest landlords do not want to contribute to the community. Landlords do care about their communities. From supporting charities such as Wounded Warriors, the Salvation Army, and municipal police departments to providing COVID vaccination clinics for tenants, the majority of landlords genuinely care about and want to support the organizations and public service entities that contribute to making a community a desirable place in which to live.

The bottom line is rent control has never worked as it was intended – and that goes for anywhere it has been adopted. Our stand against rent control is centered on its inability to achieve what it sets out to do – and that is to lessen the rent burden on those in need. We believe that the proposed “solution” is based on politics and not practicality for it will strangle development, furthering the

divide between supply and demand.

We advocate for policy that addresses the core issue of supply and allows for more access to affordable housing by encouraging and incentivizing those developers and property managers who want to build affordable housing and add much-needed inventory to the city.

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